



**DEPARTMENT OF
FINANCE**

EDMUND G. BROWN JR. • GOVERNOR

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April 14, 2016

Ms. Karina Liu, Finance Director
City of Paramount
16400 Colorado Avenue
Paramount, CA 90723

Dear Ms. Liu:

Subject: 2016-17 Annual Recognized Obligation Payment Schedule

Pursuant to Health and Safety Code (HSC) section 34177 (o) (1), the City of Paramount Successor Agency (Agency) submitted a Recognized Obligation Payment Schedule for the period July 1, 2016 through June 30, 2017 (ROPS 16-17) to the California Department of Finance (Finance) on January 29, 2016. Finance has completed its review of the ROPS 16-17.

Based on a sample of line items reviewed and application of the law, Finance made the following determinations:

- Item No. 27 – Falcon Fuels Owner Participation Agreement (OPA) in the total outstanding amount of \$3,655,000 and ROPS 16-17 request of \$300,000 continues to be denied. The OPA dated February 1, 2011 states the former redevelopment agency's (RDA) obligations are to be paid from existing RDA funds and shall not be construed as a pledge of any other revenues of the former RDA. Therefore, this item is not an enforceable obligation and is not eligible for Redevelopment Property Tax Trust Fund (RPTTF) funding.
- Item Nos. 60, 78 through 83, 91, and 92 – Falcon Fuels OPA past payments from January 2012 through June 2016 totaling \$1,328,238 are not enforceable obligations. Since Item No. 27 is not an enforceable obligation, the past payments associated with this OPA are also not enforceable and not eligible for RPTTF funding.

In addition, Item No. 60 is a duplicate of Item Nos. 78 and 79; and the Agency requested to retire Item No. 60.

- Item Nos. 54, 84, and 85 – Various Bond funded projects for water well development, streetscaping, and development of commercial building totaling \$4,242,319. The Agency received a Finding of Completion on June 20, 2013 and is allowed to expend bond proceeds derived from bonds issued prior to January 1, 2011 (pre-2011 bond proceeds) in a manner consistent with the bond covenants. Our approval is specifically limited to the use of excess pre-2011 bond proceeds pursuant to HSC section 34191.4 (c) (1). Such approval, however, should not be construed as approval of the projects themselves as an enforceable obligation.

- On the ROPS 16-17 form, the Agency reported cash balances and activity for the period of July 1, 2015 through June 30, 2016. Pursuant to HSC section 34177 (l) (1) (E), agencies are required to use all available funding sources prior to RPTTF for payment of enforceable obligations. During our review, which may have included obtaining financial records, Finance determined the Agency possesses funds that should be used prior to requesting RPTTF. Therefore, with the Agency's concurrence, the funding source for the following item has been reclassified to Other Funds and in the amount specified below:
 - Item No. 58 – Administrative costs in the amount of \$266,379. The Agency requests \$266,379 of Administrative Cost Allowance (ACA) for the July 1, 2016 through December 31, 2016 (ROPS A period); however, Finance is reclassifying \$136,208 to Other Funds. This item is an enforceable obligation for the ROPS 16-17 period. However, the obligation does not require payment from property tax revenues. Therefore, Finance is approving ACA in the amount of \$130,171 and the use of Other Funds in the amount of \$136,208, totaling \$266,379.

Except for the items denied in whole or in part, Finance is not objecting to the remaining items listed on your ROPS 16-17. If you disagree with Finance's determination with respect to any items on your ROPS 16-17, except for those items which are the subject of litigation disputing Finance's previous or related determinations, you may request a Meet and Confer within five business days of the date of this letter. The Meet and Confer process and guidelines are available at Finance's website below:

http://www.dof.ca.gov/redevelopment/meet_and_confer/

The Agency's maximum approved RPTTF distribution for the reporting period is \$5,221,108 as summarized in the Approved RPTTF Distribution Table on Page 4 (See Attachment).

ROPS distributions will occur twice annually, one distribution for the ROPS A period, and one distribution for the January 1, 2017 through June 30, 2017 (ROPS B period) based on Finance's approved amounts. Since Finance's determination is for the entire ROPS 16-17 period, the Agency is authorized to receive up to the maximum approved RPTTF through the combined ROPS A and B period distributions.

On the ROPS 16-17 form, the Agency was not required to report the estimated obligations versus actual payments (prior period adjustment) associated with the July 1, 2015 through December 31, 2015 period (ROPS 15-16A). The Agency will report actual payments for ROPS 15-16A and ROPS 15-16B on the ROPS 18-19 form pursuant to HSC section 34186 (a) (1). A prior period adjustment will be applied to the Agency's future RPTTF distribution. Therefore, the Agency should retain any difference in unexpended RPTTF.

Please refer to the ROPS 16-17 schedule used to calculate the total RPTTF approved for distribution:

<http://www.dof.ca.gov/redevelopment/ROPS>

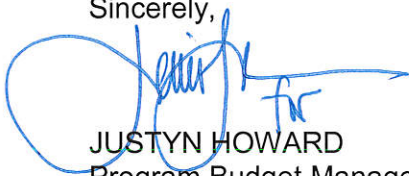
Absent a Meet and Confer, this is Finance's determination related to the enforceable obligations reported on your ROPS for the period July 1, 2016 through June 30, 2017. This determination only applies to items when funding was requested for the 12-month period. Finance's determination is effective for this time period only and should not be conclusively relied upon for

future ROPS periods. All items listed on a future ROPS are subject to review and may be denied even if it was not denied on this ROPS or a preceding ROPS. The only exception is for items that have received a Final and Conclusive determination from Finance pursuant to HSC section 34177.5 (i). Finance's review of Final and Conclusive items is limited to confirming the scheduled payments as required by the obligation.

The amount available from the RPTTF is the same as the amount of property tax increment available prior to the enactment of the redevelopment dissolution statutes. Therefore, as a practical matter, the ability to fund the items on the ROPS with property tax is limited to the amount of funding available to the Agency in the RPTTF.

Please direct inquiries to Kylie Oltmann, Supervisor, or Zuber Tejani, Lead Analyst at (916) 445-1546.

Sincerely,



JUSTYN HOWARD
Program Budget Manager

cc: Ms. Suzanne Harrell, Managing Director, City of Paramount
Ms. Kristina Burns, Manager, Department of Auditor-Controller, Los Angeles County

Attachment

Approved RPTTF Distribution For the period of July 2016 through June 2017			
	ROPS A Period	ROPS B Period	Total
Requested RPTTF (excluding administrative obligations)	\$ 1,486,438	\$ 5,232,737	\$ 6,719,175
Requested Administrative RPTTF	266,379	0	266,379
Total RPTTF requested for obligations on ROPS 16-17	1,752,817	5,232,737	\$ 6,985,554
Total RPTTF requested	1,486,438	5,232,737	6,719,175
<u>Denied Items</u>			
Item No. 27	(150,000)	(150,000)	(300,000)
Item No. 60	(300,000)	0	(300,000)
Item No. 78	(133,297)	0	(133,297)
Item No. 79	(150,006)	0	(150,006)
Item No. 80	(144,217)	0	(144,217)
Item No. 81	(134,664)	0	(134,664)
Item No. 82	(138,319)	0	(138,319)
Item No. 83	(97,702)	0	(97,702)
Item No. 91	(80,033)	0	(80,033)
Item No. 92	(150,000)	0	(150,000)
Total RPTTF authorized	8,200	5,082,737	\$ 5,090,937
Total Administrative RPTTF requested	266,379	0	266,379
<u>Reclassified Item</u>			
Item No. 58	(136,208)	0	(136,208)
Total Administrative RPTTF authorized	130,171	0	\$ 130,171
Total RPTTF approved for distribution	138,371	5,082,737	\$ 5,221,108